



Using PRIZM NE in Direct Response Marketing

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First, we laugh...Yes?

(Your big annual Marketing Joke 06)



Now, We Talk, Is Good?

PRIZM NE Strategies

- ✓ **Lower Cost Per Acquisition & Increase Direct Mail Take Rates**
- ✓ **Develop Targeted Affinity Programs**
- ✓ **Maximize The Value Of New Sign-ups**



Know Thy Customer

Source: Claritas Inc.

24 Up-and-Coming

Up-and-Coming is a stopover for young professionals who establish more deskbound lives and include a disproportionate number of the latest technology and nightlife.

Social Group: [City Centers](#)
Lifestage Group: [Young Achievers](#)

2004 Statistics:
US Households: 1,345,154 (1.22%)
Median HH Income: \$47,044

Lifestyle Traits

- Use Internet for job search
- Shop at Ann Taylor
- Read Shape
- Watch MTV
- Drive a Mitsubishi Eclipse

54 Multi-Culti Mosaic

An immigrant gateway community, Multi-Culti Mosaic is the urban home for a mixed populace of younger Hispanic, Asian and African-American singles and families. With nearly a quarter of the residents foreign born, this segment is a mecca for first-generation Americans who are striving to improve their lower-middle-class status.

Social Group: [Midtown Mix](#)
Lifestage Group: [Mainstream Families](#)

2004 Statistics:
US Households: 1,907,404 (1.73%)
Median HH Income: \$32,748

Lifestyle Traits

- Eat at family restaurants
- Shop at Footlocker
- Read Car & Driver
- Watch BET
- Drive a Toyota Echo

Demographics Traits:

Ethnic Diversity:	High Black & Hisp., Asian
Family Types:	Mix
Age Ranges:	25-44
Education Levels:	High School
Employment Levels:	BC, WC, Service
Housing Types:	Mix
Urbanicity:	Urban
Income:	Lower Middle

2004 PRIZM NE Segmentation System

[Snapshot](#) [Demographics](#) [Lifestyles](#) [Media](#)



We Energies, Spring 2005 (Cost Savings)

- **Per-piece cost (letter):
\$0.32**

- **Response:**

- 1.35% - targeted group
(411 sign-ups/30,367 households).
- 1.02% - random group
- (32% difference)

PRIZM NE segmentation:

Actually spent \$9718 to acquire 411 customers (\$23.64/customer)

At Random Response Rate:

Would have had to spend ~\$13,000, mailing to 9,898 *extra* households, to acquire those same 411 customers

Cost Savings vs. Random:

- \$3,167 (\$7.71/customer)
- ~28% of budget



PacifiCorp, Spring 2005 (Revenue Gain)

Goal:

- Maximize new sign-ups and ROI from a mailing with a ~\$41,000 budget.

Results:

- Control Response Rate = 0.67%
- Segmentation Response Rate = 1.09%
- Annual Revenue per Customer = ~\$60

PRIZM NE Response Rate:

Actually acquired 1,176 new customers
(\$70,560/year)

At Random Response Rate:

Would have acquired only 720 new customers (\$43,188/year)

Annual revenue gain, targeted vs. random:

- ~\$27,360 (63% difference)

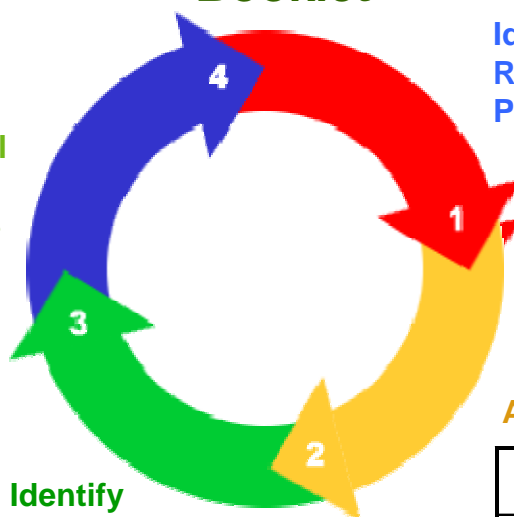


Using PRIZM NE to Develop a Targeted Affinity Program

Goal: Develop Discount Booklet

Detailed Business List	
Sporting Goods-594100	
Sports-O-Rama	
7754 Harwood Ave	
Milwaukee, WI. 53213	
414-453-3561	
Sporting Goods-594100	
Golf Galaxy	
7801 W. Layton Ave.	
Milwaukee, WI. 53220	
414-817-9900	

Identify
Potential
Affinity
Partners



Identify Most
Responsive
PRIZM Segments

PRIZM Segments		Green Energy
#	Nickname	Index
10	Second City Elite	146
12	Brite Lites, Li'l City	106
13	Upward Bound	95
14	New Empty Nests	136
15	Pools & Patios	93
16	Bohemian Mix	135
17	Beltway Boomers	109
18	Kids & Cul-de-sacs	104
19	Home Sweet Home	89

Analyze Lifestyle Profiles

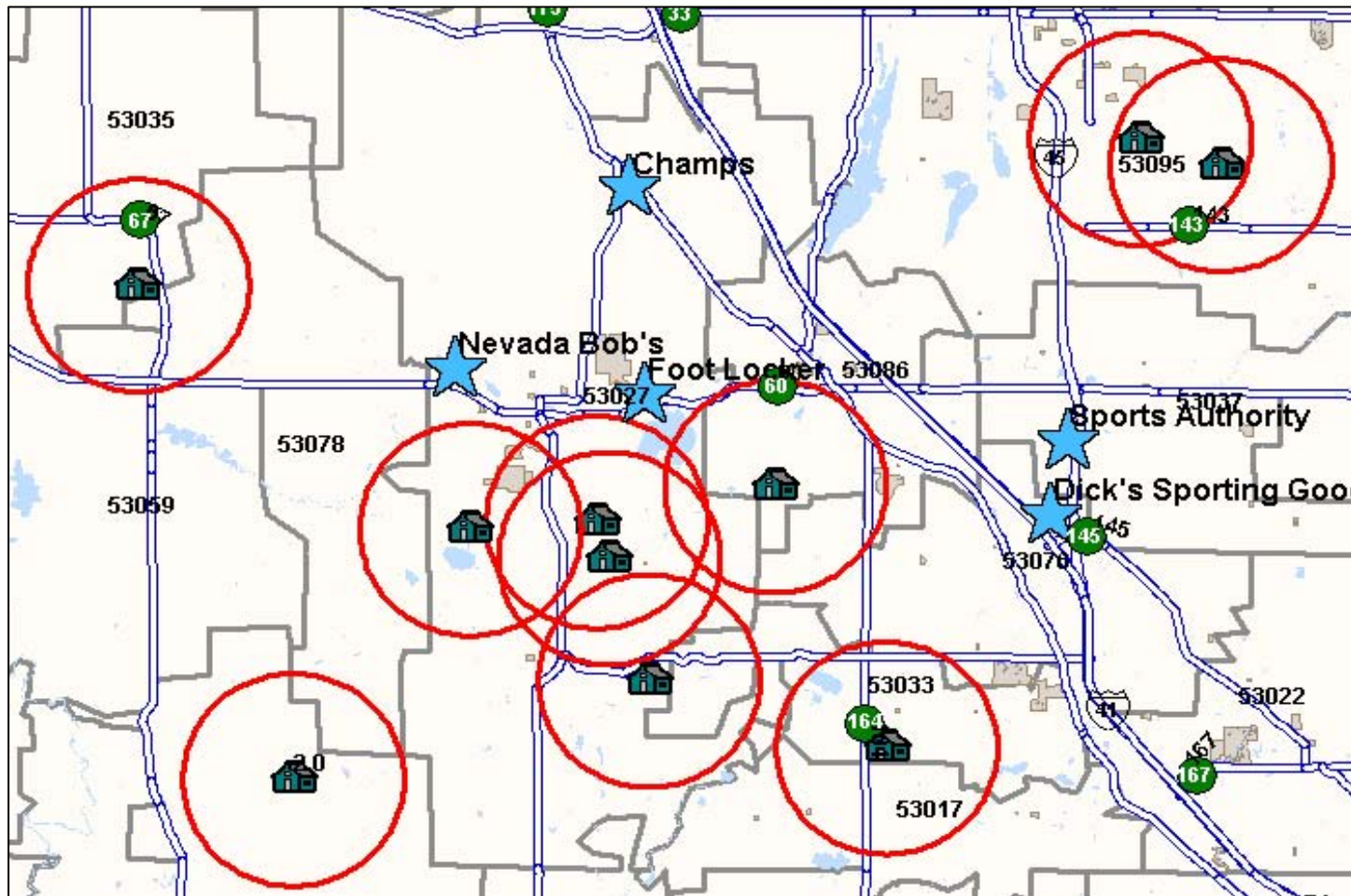
Business Summary Report	
Service Territory	
SIC-Retail Trade	Total of Businesses
594100 Sporting Gds & Bcy	276
594101 Fishing Equipment	15
594102 Hunting Equipment	6
594103 Tennis Shops	3
594109 Bowling Equip,Supps	12
594110 Saddlry,Equestrian Eq	12
594113 Skiing Equipment	5
594114 Golf Equipment	25
Subtotals	354

Identify
Businesses
Categories

Lifestyle Report-Sports & Leisure	
Sports & Leisure Behaviors	Index
MRI Household Count (H)	
Belong to a Country Club (A)	282
Contribute to NPR,1 yr (A)	238
Buy 1960s Nostalgia Music,1yr (A)	230
Contribute to PBS,1yr (A)	225
Own Cross Country Boots/Skis (A)	224
Go Cross Country Skiing,1yr (A)	223
Buy Golf Clubs,1yr (A)	222
Buy Flow ers by Mail/Phone,1yr (A)	221



Identify Potential Green Neighborhoods with Spatial Analysis





Maximize The Value Of New Sign-ups ^B

We Energies - 2005 Direct Mail Campaign

- 156,565 households received letter.
- 10 segments targeted, with a random control group.
- 6 of the 10 signed up at \$120 per-customer annual revenue or better; 2 were \$150 or better.
- This is more than twice the industry per-customer benchmark of ~\$60 (\$5/month).

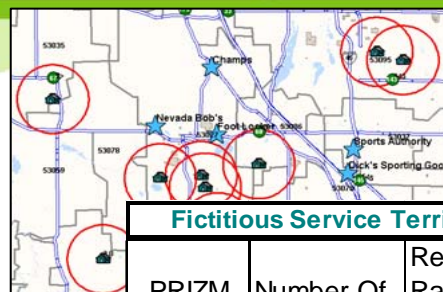


Other Strategies to Increase DM Effectiveness

- **Letter vs. Brochure: Spend less on each direct mail piece.**
- **Structure direct mail pieces more effectively.**
- **Develop messages that resonate with each target group.**
- **Run test mailings that isolate one variable.**



Versioning: Selecting Successful Messages For Your Market



Fictitious Service Territory		
PRIZM Segment	Number Of Responses	Response Rate Index
1	150	300
2	75	125
4	50	100

Analyze Respondents

Identify Most Responsive PRIZM Segments By Version

Version A	Version B	Version C
Segments 1,2,3	Segments 4,5,6	Segments 7,8,9



Quantify PRIZM Segments In Service Territory

Fictitious Service Territory		
PRIZM Segment	Households In Territory	% Comp.
1	1,500	3%
2	15,000	30%
4	500	1%
5	1,000	2%

Select Version By PRIZM Segments In Service Territory

Fictitious Service Territory		
PRIZM Segment	Households In Territory	% Comp.
1	1,500	3%
2	15,000	30%
4	500	1%
5	1,000	2%

Modify Details, Content Remains The Same





Summary

What have we learned?

If you ...

- Know your customers and prospects
- Focus on your target market
- Communicate differently to each group

Then you could...

- Lower Acquisition Costs
- Increase Take Rates
- Maintain Customer Relationships
- Develop a community of likeminded households & businesses
- Collect your GPLA and spend your raise:
You're going to Disneyland!





For More Information

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